

CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001

Section 4.12 (j)(i) Employee Plans; ERISA; Labor Matters

Applications for the BCBS-NCA and BCBS-MD pension plan determination letters have been filed with the IRS and are pending. An application for the CareFirst 401(k) Plan determination letter will be filed after additional amendments to the Plan are approved in 2001.

CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001

Section 4.12(i)(ii) Employee Plans; ERISA; Labor Matters

CareFirst may be obligated to pay separation, severance, termination or other benefits solely as a result of the consummation of the transactions contemplated by the Merger Agreement, in accordance with the terms of the Retention Bonus Plan, the Merger Incentive Plan and the Severance Plan, copies of which have been provided to Purchaser with the letter dated as of November 20, 2001 from CareFirst to Purchaser (the "Letter"), together with information regarding awards under such plans, a listing of the types of participants eligible under the Retention Bonus Plan and forms of letters of participation under the Merger Incentive Plan.

Additionally, as of November 20, 2001, CareFirst has severance liabilities totaling \$1,299,147.58 to about 18 former employees under Severance/Release Agreements, some of which contain confidentiality provisions, as set forth in the Letter.

CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001

Section 4.15(a) Environmental Matters

LIST OF ENVIRONMENTAL REPORTS:

1. Air Analysis Associates, Inc., May 29, 1996, Limited Indoor Air Quality Survey of CMP Annapolis Regional Medical Center located at 180 Admiral Cochrane Drive, Annapolis, Maryland.
2. Zurich-American Insurance Industrial Hygiene Survey of September 28, 1995, for pathology lab in Ellicott City, Maryland.
3. Apexenvironmental, Inc., December 14, 1995, report on BCBS-NCA Headquarters Building located at 550 12th Street, S.W., Washington, D.C. 20065.
4. Karchem & Associates, April 27, 1993, report on BCBS-NCA Headquarters Building located at 550 12th Street, S.W., Washington, D.C. 20065.
5. Clinical sites operated by BCBS-MD could contain any of the following medical wastes: anatomical material, blood, blood-soiled articles, contaminated material (including material contaminated with the feces of patients diagnosed with infectious diseases and other articles contaminated with a known infectious agent), microbiological laboratory waste and sharps. Medical waste is disposed of by Stericycle, Inc. In addition, the pathology lab and surgery department at the Knoll site generate waste formaldehyde, xylene and ethylene oxide that is disposed of by Clean Harbors.
6. Laboratory, medical and surgical supplies which are or which contain Materials of Environmental Concern are also stored at BCBS-MD facilities.
7. A variety of Materials of Environmental Concern which are typically used for building and equipment maintenance are stored in the maintenance and shop areas, including, but not limited to adhesives, paints and other coatings, lubricants, cleaners, compressed gases, solder, caulk, refrigerants, sealants, concrete and deodorants.
8. BCBS-MD maintains an Employee Right to Know Program that identifies and describes in more detail the Materials of Environmental Concern that may be present at various sites.

CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001

9. The following is a list of releases or threatened releases of a Material of Environmental Concern and any other condition or circumstances at any CareFirst Property which could reasonably be expected to subject the owner or operator of any CareFirst Property to liability or claims under the Environmental Laws or to any private cause of action arising out of an environmental condition:
 - Halon is on the 7th floor computer room at 550 12th Street, S.W., 8th floor computer room at 100 S. Charles Street, Tower II, and lower level of 2205 York Road computer room.
 - Asbestos is present at 550 12th Street, S.W. as indicated on attached Apexenvironmental, Inc. report. The landlord initiated an asbestos abatement program that began in May 2001 and concluded in July 2001.
10. Phase 1 Environmental Risk Assessment Survey of Timonium Medical Center in Timonium, Maryland prepared by Versar, Inc. for AIG Environmental dated June 1, 1999.
11. Phase 1 Environmental site assessment of Knoll North One in Columbia, Maryland prepared by Briggs Associates International, Inc. for Travelers Realty Investment Company dated June 24, 1993.
12. Quality Assurance Monitoring Report dated September 4, 2001 of the BCBS facility located at 2201 W. 14th Street in Wilmington, Delaware by Accredited Environmental Technologies, Inc. in connection with an asbestos abatement project that concluded on August 25, 2001.

CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001

Section 4.15(e) Environmental Matters

KNOWN ASBESTOS -CONTAINING MATERIALS REMAINING

Asbestos-containing materials are located at the leased property at 550 12th Street, S.W., Washington, D.C..

BCBSD-Related Items

BCBSD owns the premises at 201-205 West 14th Street, Wilmington, Delaware. BCBSD leases space from Foulkstone Partnership at 1401 and 1413 Foulk Road, Wilmington, Delaware. A substantial portion of the leased premises at 1401 Foulk Road is sublet, with permission, by BCBSD to various subleases. BCBSD also leases space from Christiana Care at the Health Care Center at Christiana and from Delle Donne at 1011 Center Road, Wilmington, Delaware. No formal, comprehensive studies have been prepared for any of the properties. This disclosure only summarizes studies conducted with respect to specific issues.

BCBSD - PCB Transformer

On July 7, 1986 BCBSD contracted with Unison Corp. to furnish the labor and materials for the reclassification of the PCB transformer in accordance with government standards as set forth by the EPA in 40-CFR-761. Tests since that time have confirmed that PCB's have not reached the level (499 PPM or over) at which flushing and refilling is required.

STATUS: December 10, 1998 test results will require BCBSD to complete the following services: inspect and repair or replace the level gauge, repair bottom valve and reclaim and refill the insulating fluid.

BCBSD - Radon Gas

On March 13, 1989, Brandywine Environmental Services and Supply, Inc. was contracted to perform testing for radon Gas in buildings 201 and 205. The types of device used were Short Term Screening Detectors.

STATUS: B-201 has a first floor average of 0.73 and the ground floor had an average of 1.107 pCi/l. B-205 had a first floor average of 1.03 and the ground floor had an average of 1.84 pCi/l (Pico curies per liter). All of these results fall significantly below EPA guideline action level of 4.0 pCi/L for radon indoor air.

BCBSD - Air Quality

On March 13, 1992, American Environmental Technology (AET) provided a report regarding testing of carbon monoxide levels in B-205. The samplings were done on April 16, 20 and 28 of 1992. The results were that in four areas tested, all were below the OSHA Standard of 35 PPM (Parts per million).

STATUS: No action required.

CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001

BCBSD Indoor Air Quality

On February 16 and 19, 1993. BCM Engineers conducted an indoor air quality survey of B-201 and B-205.

STATUS:

- Carbon dioxide levels were within the recommended guidelines of ASHRA of 1,000 PPM throughout the building.
- Relative humidity was below or at the low end of the comfort range for the heating season.
- Temperature readings were at the high end of the comfort range.
- Illumination measurements were within the recommended guideline of 30-foot candles.
- Indoor concentrations of yeast and molds were within the acceptable limits.
- Carbon monoxide levels were below the acceptable levels.

BCBSD Freon

On December 8, 1984, the 40-ton HVAC system was removed and a new 50-ton system was installed.

STATUS: R-12 freon was removed. The phase out of R-22 Freon is proceeding as equipment is replaced.

BCBSD Indoor Air Quality

On March 1, 1995, BCM was hired to complete another indoor air quality report. At this time, B-201 and B-205 were tested.

STATUS:

- Carbon dioxide levels were within the guidelines throughout the buildings.
- Relative humidity was at the low end of the comfort range in most areas
- Temperature readings were at the high end on the 5th floor and the remaining areas were generally within the comfort range.
- Carbon monoxide was within acceptable levels.

CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001

BCBSD Underground Storage Tanks

On June 27, 1995, Joseph Hardy and Sons abandoned in place a 6,000 gallon underground storage tank (UST) and a 5,000 gallon UST. The tanks and associated piping were drained of all oil residues. After the cleaning, each tank was filled with cement slurry supplied by a local concrete contractor.

STATUS: Both tanks abandoned in place.

BCBSD Asbestos

In 1996 BCBSD contacted an asbestos abatement contractor to provide us pricing for the removal of all asbestos materials as detailed in a report that AET completed in 1989. Since all prior report date of 1989, BCBSD has completed several projects that included the removal of asbestos products. Asbestos was removed when the boilers were changed from oil to gas in both buildings. BCBSD removed asbestos when replacement coils were installed in the ground floor interior air handler. In 2001, BCBSD removed asbestos insulation from ceiling pipes on the ground floor of the cafeteria section of 201 W. 14th Street, Wilmington, Delaware.

STATUS: The asbestos is intact, there is no immediate danger.

BCBSD Indoor Air Quality

September 26, 1997, Batta Environmental Associates, Inc. was hired to complete an indoor air quality inspection of the B-201 ground floor Microfilm Laboratory.

STATUS:

- Low levels of ammonia were detected (between 1-2 parts per million PPM). The exposure limit per OSHA is 50 PPM and the ACGIH threshold limit is 25 PPM.
- Recommended that BCBSD's HVAC contractor provide additional fresh air to disperse the ammonia fumes. This work has been completed.
- A water test was performed on drinking water in each of 201 and 205 West 14th Street. All results were within the recommended guidelines.
- On October 10, 2000, BCBSD had a Silicone Retrofill completed on our transformer Serial #F964050. The oil qualities are within acceptable levels a sample again will be taken in approximately one year.
- In August, 2001, an asbestos abatement occurred on the 4th and 5th floors of 201 West 14th Street. Results indicate airborne fiber concentrations are within Delaware Department of Natural Resources and Environmental Control asbestos regulations..

CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001

Section 4.16 Non-competition Agreements

1. Managed Pharmacy Benefit Services Agreement between BCBS-MD and Advanced Paradigm, Inc. dated January 1, 1996.
2. Agreement between GreenSpring Health Services, Inc. and GreenSpring Mental Health Services, Inc. dated March 19, 1993.
3. License and Exclusive Supply Agreement between FlavoRx, Inc. and CMP dated November 24, 1997.
4. BCBSD is bound by certain restrictions provided in its agreements with Fort Dearborn Life Insurance Company and National Guardian Life Insurance Company.
5. See also Section 4.8 disclosure schedule regarding the limitation on the use of the "Blue" brand in Virginia in the discussion of CareFirst's planned managed care re-positioning.

CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001

Section 4.18 Insurance Policies

CAREFIRST COMPANIES

Insurance Company	Policy Type	Policy Number
Zurich American	Property	ZMD3480966-00
Royal	DIC Flood - WV site	RHD31580
Great American Alliance	DIC Flood - WV site	CPP5744822
Greenwich Ins. Co.		ACG445582
Twin City Fire Ins. Co.	General Liability	30UENMF5062
ACE USA	Commercial Umbrella	CUA 150354-D
Royal Insurance Co.	Business Auto	30UENMF5063
National Union Fire Ins. Co. of Pittsburgh, PA	Non-owned Aviation	AV-3394782-01
AIG	Pollution Legal Liability	PLS 2679067
Twin City Fire Ins. Co.	Workers' Compensation (Potomac Physicians, P.A. only)	30WNNMF5060 30WNNMF5061
National Union Fire Ins. Co. of Pittsburgh, PA	Special Crime	653-11-01
BCS Insurance Agency	Employee Fidelity & Electronic Crime	EFC 012-190
Travelers Casualty & Surety Co. of America	Fiduciary	8-FF-103049396-BCM

CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001

CAREFIRST COMPANIES

Insurance Company	Policy Type	Policy Number
BCS Insurance Co.	Directors & Officers/ Supplemental D&O	011-190
	Errors and Omissions/ Supplemental E&O	
	Managed Care	
	Anti-Trust	
	Employers Managed Care	
	Employment Practices	
	E-commerce	
	Foreign Extension (BCBSD only)	
	Medical Malpractice	
	Excess Blended Liability*	
Executive Risk Indemnity	Excess Blended Liability*	8165-4258
Continental	Willse, The Michelsen Group and National Capital Administrative Services TPA Erisa Bond	169655965
Travelers Casualty/Surety	Willse Surety Bond	8 S 103092212 BCM
Travelers Casualty/Surety	Michelsen Surety Bond	8 S 100582509 BCM
Travelers Casualty/Surety	NCAS Surety Bond	8 S 103016222 BCM
Travelers Casualty/Surety	PHN Surety Bond	8 S 103503414 BCM

*Excess Blended Program includes D&O, E&O, MCO, EPL, supplemental D&O, supplemental E&O, antitrust, medical malpractice, umbrella liability, fidelity/electronic crime, and fiduciary.